

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

**Federal-State Joint Board on Universal    )       CC Docket No. 96-45  
Service Seeks Comments on Review of    )  
Lifeline and Link-up Service for all Low- )  
Income Consumers                            )**

**Comments of the Tennessee Regulatory Authority**

The Tennessee Regulatory Authority ("Authority" or "TRA") applauds the joint efforts of the Federal Communications Commission ("FCC") and the States on their diligent efforts in implementing the Telecommunications Act of 1996 (hereafter referred to as the "Act"). The FCC and the States have exhibited, in the truest sense of federalism, a determination to meet the policy objectives of the Act. A significant provision of the Act is to ensure that quality telecommunications and information services are available to low-income consumers at just, reasonable and affordable rates.<sup>1</sup> The Authority affirms that the Link-up and Lifeline programs (hereafter referred to as "telephone assistance programs") are vital programs in achieving the universal service policy objective outlined in the Act. The telephone assistance programs provide a needed telecommunications safety net for America's low-income households. Telephone service is no longer a luxury, but a necessity. It promotes a fair quality of life, specifically in the areas of economics, health, safety and social welfare.

The Authority has chosen to focus its comments on the following topics which will provide the necessary information for the Joint Board to evaluate and modify the

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<sup>1</sup> Telecommunications Act of 1996, Pub.L.No. 104-104, 110 Stat.56 (1996). The Act amended the Communications Act of 1934. 47 U.S.C. §§ 151, *et seq.*

telephone assistance programs to better serve America's low-income citizens. The Authority's comments will be presented as follows:

- I. Tennessee's Lifeline and Link-up Programs
  - A. Effectiveness of the current programs
  - B. Subscribership versus Eligible Population
  - C. Efforts to Increase Subscribership.
- II. Modifying the Existing TRA Lifeline and Link-up Rules
  - A. Application/Verification
- III. Consumer Outreach in Tennessee
- I. Tennessee's Lifeline and Link-up Programs**

The Authority initiated the Link-up and Lifeline programs in 1990 and 1992, respectively. Consistent with FCC guidelines, the Authority established two (2) criteria to receive Link-up and Lifeline programs. The two (2) criteria are income based and require that the applicant either: 1) receives a form of public assistance<sup>2</sup> or, 2) have income at or less than 125 percent of the national poverty level. Applicants for the telephone assistance programs in Tennessee are required to provide proof of eligibility. In 1999 there were 298,888 families that received some form of public assistance benefit in Tennessee. In 2000, 263,852 Tennessee families received public assistance.<sup>3</sup> A person can also qualify for the telephone assistance programs if their total gross monthly income for their household is at or below poverty level guideline. The 125 percent criteria is important to maintain for it recognizes that some citizens may not wish to participate in public assistance, but may need help in obtaining and affording local telephone service. The table below shows the monthly income for citizens at 125 percent

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<sup>2</sup> For the purpose of these comments, public assistance means Food Stamps or SSI or Medicaid or AFDC/TANF/Families First.

<sup>3</sup> State of Tennessee Department of Human Services.

of the poverty level. The Authority recommends that the two (2) income based criteria remain a part of the telephone assistance programs.

**Table 1**  
**125 Percent Poverty Level Matrix**

Number in Household	Total Gross Monthly Income
1	\$ 895
2	\$ 1209
3	\$ 1524

Note: For households of 3 or more persons, add \$315 per person.

Verification is an important aspect of the Tennessee telephone assistance programs. It is important that only those qualified citizens receive the benefits of the telephone assistance programs. Recipients of Food Stamps, SSI, Medicaid or Families First/ TANF provide verification of eligibility directly to the Eligible Telecommunications Carrier (“ETC”) or reseller.<sup>4</sup>

To receive the Link-up credit, proof of the qualifying person’s public assistance must be provided to the ETC before their service is connected. Typically, the Link-up and/or Lifeline credit would appear on the customer’s first bill within two (2) billing periods.

The Authority processes the requests of consumers seeking to qualify under the 125 percent income criteria. Once the Authority verifies the necessary information, the applicant’s request is provided to their ETC. The resulting Link-up and Lifeline credits

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<sup>4</sup> TRA regulations provide the opportunity for local telecommunications service resellers to offer Link-up and Lifeline via a designated ETC. At the present time, however, the Authority is unaware of any reseller operating in Tennessee providing telephone assistance programs to its customers.

are provided in the same manner as to those that receive public assistance. The TRA notifies recipients when to expect the credits.

**A. Effectiveness of the Current Programs**

The Authority acknowledges that it is imperative to periodically evaluate social programs for effectiveness. Such routine evaluations can lead to the identification of areas where improvements are needed. Each year the Authority conducts a survey of ETCs to evaluate Tennessee's telephone assistance programs. This survey also provides the Authority with current enrollment numbers and what consumer outreach efforts ETCs have taken to promote awareness of the telephone assistance programs.

The survey responses, described in Table 2, indicate that participation in Link-up has increased 75 percent from 1997 to 2000. Also shown in the table below is the history of Lifeline penetration in Tennessee. Since 1997 participation in Lifeline has increased in Tennessee by 119 percent.

**Table 2**

**Link-up and Lifeline Participation in Tennessee  
1997 – 2000**

Year	Link-up Participation	Percentage change from previous year	Lifeline Participation	Percentage change from previous year
1997	3,005		21,456	
1998	4,061	+35%	23,784	+11%
1999	4,993	+23%	31,095	+31%
2000	5,262	+5%	47,070	+51%

The Authority holds that the primary cause for these increases is the Authority's public education campaign, as will be explained below. Nevertheless, the Authority acknowledges there is still a lot of work to do in educating the public on the benefits of the telephone assistance programs. As will be seen in the next section, a very small percentage of the eligible population in Tennessee participates in the telephone assistance programs.

#### **B. Subscribership versus Eligible Population**

This section tracks the historical subscribership for telephone assistance programs within the estimated eligible population for the years 1999 and 2000. Attempts were made to ensure that the estimates were not duplicative.

According to the U.S. Census Annual Demographic Survey for 1999, 10.1 percent (159,000) of Tennessee families were at or below the poverty level. Using Tennessee's income criteria of 125 percent of the poverty level for the telephone assistance programs, the number of qualifying families increased to an estimated 217,000 families. The census statistics do not provide a breakdown of the number of families at the poverty level that receive telephone assistance program. Neither do the census data provide the number of families at the poverty level that also receive public assistance. It is reasonable, however, to assume that the population of the two categories overlap significantly.

Another measure of qualified population is the number of citizens on public assistance. Table 3 identifies the number of Tennesseans that were served by a particular form of public assistance during 1999. The Tennessee Department of Human Services ("TDHS") reported that 298,688 Families received at least one form of public assistance during 1999 of which 10.4 percent received Lifeline telephone assistance.

**Table 3**  
**Eligible Telephone Assistance Population by Public Assistance Program**  
**1999**

Benefit	Number of Recipients	Number of Families
TANF	237,426	91,318
SSI	93,648	36,019
Food Stamps	340,123	130,817
Medicaid	105,389	40,534
Total	776,586	298,888

Note: According to TDHS, a typical family has 2.6 persons.

During 2000, the number of Tennesseans obtaining public assistance and the number of citizens living at the federal poverty level increased. This increase of eligible population was met with an increase in the number of families receiving telephone assistance. Table 4 identifies the number of Tennesseans that were served by a particular form of public assistance during 2000. The Tennessee Department of Human Services reported that 299,086 Families (unduplicated) received at least one form of public assistance during 2000. Of the 299,086 families/households, 15.7 percent of these households received Lifeline telephone assistance.

During 2000, 12 percent of Tennessee's families or 188,000 families lived below the poverty level. Using the 125 percent of the poverty level, the number of qualifying families increases by 15.1 percent to 237,000 families.

The ratio of qualifying families on telephone assistance to the eligible population increased from 1:10 in 1999 to a ratio of 1:6 in 2000.

**Table 4**

**Eligible Telephone Assistance Population by Public Assistance Program  
2000**

Benefit	Number of Recipients	Number of Families
TANF	239,514	92,121
SSI	91,609	35,234
Food Stamps	347,940	133,823
Medicaid	98,560	37,908
Total	777,623	299,086

Note: According to TDHS, a typical family has 2.6 persons.

**C. Efforts To Increase Subscribership**

The Authority has learned that there are several key components to increasing subscribership of the telephone assistance programs. Those key components are 1) improving awareness; 2) establishing partnerships and 3) securing sufficient resources. This section will detail the Authority's strategy in each of these areas.

**1. Improving Awareness.**

Improving public awareness of the telephone assistance programs is an important function of the State and the FCC. Program awareness empowers the eligible population. The Authority has taken proactive steps to improve the public awareness of the telephone assistance programs in Tennessee. In the interest of brevity, we only describe some of the major initiatives the Authority has taken to promote public awareness of the telephone assistance programs.

Over the last several years, the Authority has printed brochures, purchased statewide advertising on radio stations, advertised on Nashville's public transit system,

conducted a mass mailing targeted to all recipients of food stamps, and participated in numerous public events. For example, in 1999, the TRA distributed 45,000 telephone assistance brochures statewide to various social service agencies that serve the eligible population. These social service agencies include over 3,000 health agencies and over 40 public housing facilities statewide. The Authority is now in the planning phase of our second direct mailing campaign. Through our efforts we have learned the value of partnering. The Authority is a small state agency and only through partnering can we adequately achieve public awareness of the telephone assistance programs.

## **2. Establishing Partnerships**

State regulatory agencies, with limited resources in this time of budget constraints, can only do so much in improving public awareness of the telephone assistance programs. State regulatory agencies may be better suited to coordinating and marshalling the resources of the private and public sectors to educate the public on these programs. It is far better to equip social service agencies with information and written material about the telephone assistance programs than for regulatory agencies to attempt to accomplish the mission alone. For example, someone who is in need of public assistance such as Food Stamps or Medicaid or Families First/TANF/AFDC or SSI would seek such assistance by visiting a state TDHS office or closely related agency. While the person is seeking public assistance, they can be informed of the availability of the telephone assistance programs. To encourage this flow of related information, the Authority has provided each TDHS field office with brochures and posters describing the telephone assistance programs and enrollment procedures. The Authority credits its



partnership efforts to the increase in Lifeline and Link-up participation since 1997. The Authority's partnership with TDHS has also paid other dividends in promoting public awareness of the telephone assistance programs. The Authority's direct mailing efforts would not have been possible without the partnership of the TDHS. TDHS identified all Tennesseans receiving food stamps and provided labels for direct mailing. Our partners include the Labor and Workforce Development, Tennessee Public Health Association, Legal Services of Tennessee and the Better Business Bureau.

The ETC's active participation and partnership determines the ultimate success or failure of the telephone assistance programs. These companies have the ability and opportunity to educate their customers on the availability of the telephone assistance programs and enroll qualified applicants at the time that initial service is ordered. The ETC takes the consumer's request for service and could at this time inform the potential customer of the availability of the programs. Many ETCs use this important initial contact with customers to promote other services and calling plans. Such contact could be a vital source for providing information on the telephone assistance program. The Authority has attempted without success to encourage some ETCs to take this action. This partnership clearly has the most potential. The FCC should consider placing more requirements on ETCs to inform their customers of the availability of the telephone assistance programs.

### **3. Securing sufficient funds**

The old adage "you get what you pay for" is appropriate for state and federal efforts to improve awareness of telephone assistance programs. As effective outreach is not without cost, successful outreach efforts must be properly funded. In Tennessee, the

outreach efforts described above are funded partially with a portion (25 percent) of fines collected from slamming and cramming violations. This allocation of a portion of fines was mandated by the Tennessee General Assembly in 1999.<sup>5</sup> The Tennessee Funding Model has worked well.

The Authority has spent \$128,927 for consumer outreach since 2000. The Authority suggested that the FCC look at establishing a grant fund for consumer outreach efforts such that the states or other agencies could make proposals for funding projects. The proposals for grants could be evaluated by the FCC, or the Joint Board, thereby giving the FCC direct oversight on the expenditure of funds. The monies for the grant fund could be patterned after the Tennessee Funding Model by allocating all or portions of fines assessed by the FCC.

Also a part of securing sufficient resources is obtaining organizational commitment. The organizational structure reflects organizational priority. The Authority has committed resources to create a staff for consumer outreach that spearheads efforts to promote awareness and establish partnerships. The Authority finds that having personnel dedicated for this purpose works well.

## **II. Modifying the Existing Lifeline Rules**

The Authority asserts that the criteria for the telephone assistance programs should remain income based so that it can be verified by either the ETC or the social service agency. Today, States have a great deal of flexibility in determining the criteria for the telephone assistance programs. The Authority does not recommend reducing the flexibility that the States currently have. However, it may be advisable for the FCC to set a floor qualification criteria for the telephone assistance programs. This floor would

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<sup>5</sup> Tenn. Code Ann. 65-4-125

ensure that all States maintain a certain level of consistency in the qualification criteria and could better ensure that the Act is being implemented nationwide.

The Authority also supports the adoption of federal guidelines that would govern the methods of verification States would use to qualify applicants for the telephone assistance programs. The question is whether self-certification by the applicant is sufficient to ensure that all recipients are qualified. The monies collected for telephone assistance programs come from consumers. Both federal and State officials have a fiduciary responsibility to ensure that only eligible individuals obtain assistance. Abuse of these programs (benefits going to the non-qualified) could erode public support and jeopardize the future of the programs.

Another problem stems from consumers not being informed of Link-up when they called the ETC to establish their telephone service. Consequently, they paid the full amount for installation of new service or establish an arrangement to pay the installation cost over a period of months. When eligible consumers learn of Link-up after installation and attempt to receive the adjustment, they are often turned down by the ETC. The Authority suggests that the FCC establish, as part of the minimum qualification criteria rules mentioned above, that a person who qualifies and gets Link-up, is automatically enrolled in the Lifeline program. In addition, federal guidelines should allow a 60-day window for Link-up credit for those consumers that were qualified to receive the credit at the time of installation but were unaware of the Link-up program.

#### **A. Application/Verification Processes**

The Authority asserts it is vital for the telephone assistance program to serve only those that qualified under federal or state guidelines. The process used in Tennessee

initially requires the applicant requesting Link-up and Lifeline to provide proof of the public assistance program they receive. Proof of benefits could be demonstrated by copy of their approval letter to receive Food Stamps, Medicaid or TANF from TDHS or a copy of their SSI Benefit letter from the Social Security Administration. Consumers should not be allowed to receive the telephone assistance programs solely on the basis of signing a document that certifies under penalty of perjury that they receive at least one form of public assistance. This method is easily subjected to abuse. It is not too much to expect the applicant to provide documentation in order to receive government assistance.

Once the documentation is obtained from the consumer, the ETC verifies the consumer supplied documentation with the TDHS client database. For example, verification for Food Stamps, Medicaid, SSI and TANF can be accomplished utilizing this electronic system. This has been the most efficient and effective way in which to verify and re-verify that a consumer is receiving public assistance. The Authority requires re-verification of consumers on Lifeline no less than twice a year or every six (6) months.

### **III. Consumer Outreach Efforts**

As explained above, the success of telephone assistance awareness programs is dependent upon the partnerships that are developed. State or Federal agencies can not be expected to carry the ball alone. Success depends upon a team approach. The greatest potential for success is by those entities that are the closest to the target population. In this respect, the Authority asserts that ETCs have a responsibility to properly publicize the availability of Lifeline and Link-up in a manner reasonably designed to reach those

likely to qualify for these services.<sup>6</sup> The Authority has found that annually surveying ETCs on their efforts in promoting awareness of the telephone assistance programs has a tendency to encourage the companies to do more, as described below.

To get an idea of how the telephone utilities inform their subscribers about these programs, the TRA began to survey the ETCs in 1998 by asking them to describe their outreach efforts. The results were quite interesting. Of the eighteen ETCs surveyed, four (4) indicated that they did not advertise the availability of the telephone assistance programs to the public. Seven (7) ETCs stated that they advertised both Link-up and Lifeline programs to the public only in their local telephone directories. One (1) ETC stated it provided information on Link-up not Lifeline in its telephone directory, while another ETC indicated that it advertised Lifeline in the directory, but not Link-up. BellSouth, the largest local service provider in Tennessee, stated that it advertised Lifeline annually in the January/February billing inserts. Sprint-United, the second largest local service provider in Tennessee, stated that it periodically contacts TDHS to reiterate the availability of these programs.

The TRA's 1999 telephone assistance survey revealed that the outreach efforts of most ETCs remained basically unchanged from the previous year. The only ETC that continued not advertising telephone assistance programs in 1999 stated it was planning to advertise in the year 2000 in both its telephone directory and in the local newspapers. During 1999, most ETCs claimed to advertise the telephone assistance programs in their telephone directory. Three (3) companies described innovative efforts to inform consumers about the availability of these programs. One such ETC, CenturyTel

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<sup>6</sup> Twelfth Report and Order, 15FCC Rcd 12208, 12250 (2000); see also 47 C.F.R. §§ 54.405, 54.411

companies, stated that it provides information regarding Link-up and Lifeline whenever consumers call to establish new telephone service. CenturyTel also provides Link-up and Lifeline information whenever someone calls inquiring about any of its discount calling plans.

During 2000, all ETCs indicated that they had advertised the telephone assistance programs during the past year. The majority of the ETCs only advertised in their telephone directory. Consumers without such a directory served by these ETCs would have a difficult time learning about the telephone assistance programs. Some ETCs continued to show innovation in their public awareness programs. For example, Tennessee Telephone Companies responded that, in addition to telephone directory advertisements and informational posters in their customer service lobby area, they also provided Link-up and Lifeline information to subscribers that appear to have problems paying their bills. BellSouth participated in the development of a brochure produced by the Federal Consumer Information Center in Pueblo, Colorado, called "A Smart Consumer Guide to Telephone Service." The brochure describes who can qualify for the telephone assistance programs.

Ten (10) Tennessee telephone cooperatives received the Authority's telephone assistance program survey for the first time during 2000. Telephone cooperatives serve the most rural sections of Tennessee and are exempt under state law from the Authority's oversight. Nevertheless, the Authority surveyed these non-regulated telephone cooperatives in order to get an overall picture of the telephone assistance programs in the Tennessee. Three (3) cooperatives responded that they did not advertise Link-up and Lifeline in year 2000. Of those three (3) cooperatives, only one (1) company stated that it

plans to provide information in its telephone directory, the company newsletter, and in the customer service lobby during the coming year. Five (5) telephone cooperatives indicated that they advertised the telephone assistance programs in their directories and in the lobby of their customer service offices. Two (2) telephone cooperatives failed to respond to the Authority's survey.

### **III. Conclusion**

The Authority is committed to working with the FCC in order to fulfill all the provisions of the Act. Achieving and maintaining Universal Service is a keystone of public policy. The telephone assistance programs are vital in meeting this public policy objective. Tennessee is making progress in increasing the public's awareness of the telephone assistance programs as evidenced by the improved ratio of Lifeline customers to the eligible population. While the Authority is doing much to promote awareness of the telephone assistance programs, more can be done. The Authority urges the Joint Board and the FCC to make the improvements listed below in the telephone assistance programs in order to ensure that it will have the necessary financial and public support to reach the citizens that are in most need.

- Establish new requirements for ETCs to effectively promote the availability of the telephone assistance programs;
- Create a telephone assistance consumer education grant program, funded by fines collected by the FCC, that will award grants to the States and social service agencies for the purpose of educating the public on the availability of telephone assistance programs;

- Promulgate minimum qualification criteria for the telephone assistance programs. These minimum criteria would be the floor requirement that all States must follow. States could adopt additional qualification criteria which does not conflict with the federally established minimum criteria;
- Eliminate the self-certification process of qualifying for the telephone assistance programs. The FCC should establish the minimum criteria and the required documentation for enrollment in the telephone assistance programs.

Respectfully submitted,

Dated at Nashville, Tennessee 12/31/01

By the Tennessee Regulatory Authority:

A handwritten signature in black ink, appearing to read 'K. David Waddell', written over a horizontal line.

K. David Waddell  
Executive Secretary to the TRA